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REMARKS

1. Telephonic Interview of February 17th 2006

The Applicants' representative and the Examiner conducted a telephonic interview on February 17th 2006, during which two references, the Acres patent (USPN 6,312,333) and the Bell et al. patent (USPN 5,505,461), were discussed with respect to the claimed invention. The Applicants' representative detailed three major differences between the Acres patent and the claimed invention, and detailed two major differences between the Bell et al. patent and the claimed invention.

First, with respect to the Acres patent, the claimed invention requires "enabling paying out winnings over the threshold amount via a hopper pay-out to the United States-taxable player immediately after the player wins credits over the threshold amount." The Examiner states that Acres indicates there will be times where no money is withheld. Accordingly, the Examiner has relied on Acres, Col. 6, lines 59-63 that states, "[t]he payment amount is determined by the amount won and the withholding amount if any. If a withholding amount is specified, it is deducted from the amount to be paid." The entire focus of the Acres patent is the calculation of a reduced bonus amount. In the Acres patent, there are times when no money is withheld, but those times are only when the player's winnings are under the threshold amount. Therefore, the Acres patent does not teach or suggest the claimed invention, which specifically relates to enabling pay-out to the player of all winnings over the threshold amount.

There are two possible interpretations of the Credit Adjust Meter of the Acres patent, which derive from whether or not the Acres patent is viewed as withholding winnings over the governmentally established threshold amount. In the Applicants' interpretation, the Acres Credit Adjust Meter does not withhold winnings under the governmentally established threshold amount and does withhold winnings over the governmentally established threshold amount to produce a reduced bonus amount that is calculated according to the player's individual record. The player's individual record includes information such as the player's specific taxable rate for use in calculating the reduced bonus amount of winnings over the governmentally established

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threshold amount. This interpretation enables the Acres Credit Adjust Meter to function for its intended purpose.

Respectfully, in the Examiner's interpretation (in which the Acres device does not withhold winnings over the governmentally established threshold amount), the Acres Credit Adjust Meter **never** withholds any winnings, either below or above the governmentally established threshold amount, **never** produces a reduced bonus amount that is calculated according to the player's individual record, **never** uses information such as the player's specific taxable rate, and **never** performs any withholding calculations. In short, the Examiner's interpretation frustrates the entire operation of the Acres Credit Adjust Meter, and prevents it from functioning for its intended purpose. The Manual of Patent Examining Procedure, § 2143.01, Part V, states that **the prior art cannot be rendered unsatisfactory for its intended purpose** by the Examiner's arguments. As such, the Examiner's position is contrary to the requirements of M.P.E.P. § 2143.01, and thus, cannot be sustained.

Otherwise stated, by following the Examiner's logic, the resulting conclusion would be that tax money is **never** withheld from an award using the invention of the Acres patent, thereby **never** producing a reduced bonus amount. Indeed, the Acres Credit Adjust Meter would never even make a credit adjustment. This is an unacceptable conclusion since it would completely defeat the purpose of the patent. Additionally, the independent claims are all directed towards the calculation and awarding of a "reduced bonus amount" using the player's recorded tax rate. Thus, in accordance with M.P.E.P. § 2143.01, the Examiner's position cannot be sustained since it would render the Credit Adjust Meter unsatisfactory for its intended purpose.

The Applicants' second argument with respect to the Acres patent is that the Acres Credit Adjust Meter specifically requires "locking up" the gaming machine to prevent play of the game and awarding of the bonus after an award over the pre-established threshold has been won. See Col. 6, lines 4-7; and Fig. 3, Step 86. Several tasks are then required to be performed while the gaming machine is locked up. These tasks include (1) accessing a player's record from a central database; (2) examining the player's record for completeness, (3) if the player's record is not complete, then holding any winnings over the threshold in abeyance, or if the player's record is

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complete, then allowing the procedure to continue; (4) acquiring the winning player's specific taxable rate from the player's record; (5) performing the calculation of the taxes to be withheld on the winnings over the threshold amount; (6) subtracting the calculated taxes from the player's winnings over the threshold amount to determine the reduced bonus amount; and (7) generating the W2-G document. See Col. 6, lines 13-44; and Figure 3, Steps 88, 90, 92, and 94. Later, after these tasks have been performed, the game is unlocked and reset using an authorization signal. See Col. 6, lines 44-46; and Figure 3, Step 96. In stark contrast, the claimed invention is specifically designed NOT to lock up, but rather to enable game play to continue without interruption and for payment to be made to the player immediately.

Clearing, reducing interruption of game play is extremely important to casino management because any loss of game playing time relates directly to loss of income for the casino. The Examiner has argued that he feels this "locking up" step is not very important because he thinks the gaming machine would not have to lock up for very long. The Examiner has not provided any support for this position in the cited reference. Applicants have pointed out that the "locking up" of the gaming machine is specifically required in the claims, the specification, and the drawings of the Acres patent, each of which confirm this requirement of the Acres device that is in complete contradiction to the requirements of the claimed invention. The Examiner's attempt to disregard this "locking up" requirement of the Acres Credit Adjust Meter ignores several issues that can cause significant slow downs in networked activities and processing, such as the type (e.g., serial) of gaming network, the number of gaming devices on the gaming network, the bandwidth of the gaming network, the load capacity on the gaming network, the priority of data transmission on the gaming network, and the processing power of the gaming processors on the gaming network. Respectfully, these oversights are occurring because the Examiner is not relying on cited references for support, but rather is relying on personal opinion and hindsight.

The Examiner is improperly disregarding a clear teaching and required element of the cited reference that teaches directly away from the claimed invention. See M.P.E.P. 2141.03, Part VI. Furthermore, the Examiner is improperly attempting to use his own personal beliefs

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regarding gaming networks to anticipate the claimed invention instead of citing art in support of such a position. See M.P.E.P. 2144.03. If the Examiner is informally attempting to take official notice of some "fact" that would remove the required limitation of the gaming machine being locked up after an award over the pre-established threshold has been won, the Applicants take issue with any such "fact" and formally request that adequate evidence be presented. See M.P.E.P. 2144.03, Part C. The Examiner is using hindsight reconstruction, which is an impermissible means of attempting to show that an invention is unpatentable. See M.P.E.P. 2141.01, Part III.

The Applicants' third argument with respect to the Acres patent is that, in the Acres patent, the W2-G document is generated during the "locked up" period, before any payment is made to the player. See Figure 3, steps 86 to 96; Col. 6, lines 22-26. In contrast, in the claimed invention, the W2-G document is not generated until after the termination of the reduced interruption gaming session, thus, preventing the gaming session from being interrupted due to the generation of the W2-G document. While the Examiner does not dispute the existence of the above teaching in both the specification and Figure 3, the Examiner relies on another section of the specification to assert that the W2-G document does not have to be printed before any payment is made to the player. Col. 7, lines 1-6 read "A log is made of the win on the W2-G bonus server of the amount won, winning machine number, time, date, customer name, address, etc. A separate process is run periodically to print IRS forms. This process allows the congregation of several separate wins within the same day into a single payment." Since the generation of the W2-G document for the player has already been described as occurring earlier, and the log includes the grouping of winning machine numbers and customer names for a single payment, this W2-G document generation appears to be relating to the casino's W2-G requirements and not to the player's W2-G requirements.

Referring now to the Bell '461 patent, the claimed invention recites that the IRS reporting statement (i.e., the statement referencing the recorded jackpot-related information and stored player-related information) be generated after the reduced interruption gaming session is terminated. The Bell patent requires just the opposite. The gaming session must be ended and

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the IRS reporting statement generated (either printed or filled out by an attendant) before the player can be cashed out. The Examiner has previously admitted that the Bell patent "fails to teach enabling the payout before the jackpot related information is generated."

Specifically, in the Bell '461 patent, before a player can cash out either: (1) an attendant will access the IRS win meter, prepare a W2-G Form for the balance of the meter, and use a key to reset the IRS win meter; or (2) a print out corresponding to the amount of winnings stored in the IRS win meter will be printed onto a W2-G Form and the IRS win meter will be reset. See Col. 4, lines 45-63; and Figure 2. Accordingly, a player operating under the Bell '461 patent does NOT have continuous access to the winnings on the IRS reporting credit meter for immediate cash out, as required by the claimed invention.

Indeed, claim 1 of the Bell patent includes the claim element "means for preventing payout of said credit in said IRS credit storage means by said player." In contrast, the claimed invention is specifically designed NOT to prevent payout, but rather to enable game play to continue and payment to be made to the player immediately. The Examiner agreed with the Applicants' description of the Bell '461 patent and its differences from the claimed invention, specifically that Bell '461 patent requires locking the machine long enough to print IRS forms for U.S. taxpayers and does not provide payment to these taxpayers until after the forms have been completed.

Respectfully, the Examiner appears to be confusing the reporting requirement for the IRS W-2G form and the withholding requirement for the IRS W-2G form. Specifically, the relevant portions of the instructions for the IRS W-2G are reproduced below:

Reportable Gambling Winnings

Gambling winnings for these games (i.e., bingo, keno, and slot machines) are reportable if:

The winnings (reduced by the wager) are \$1,500 or more from a keno game.

The winnings (not reduced by the wager) are \$1,200 or more from a bingo game or slot machine.

If you pay reportable gambling winnings, you must file Form W-2G with the IRS and provide a statement to the winner (Copies B and C of Form W-2G).

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Withholding

There are two types of withholding on gambling winnings: (1) regular gambling withholding at 25% (33.33% for certain non-cash payments) and (2) backup withholding at 28%. If a payment is already subject to regular gambling withholding, it is not subject to backup withholding.

Regular Gambling Withholding

Do not withhold at the 25% rate on winnings from bingo, keno, or slot machines or any other wagering transaction if the winnings are \$5,000 or less. However, see Backup Withholding below.

Backup Withholding

You may be required to withhold 28% of gambling winnings (including winnings from bingo, keno, and slot machines) for federal income tax. This is referred to as backup withholding. You should backup withhold at the 28% rate if:

- (1) The winner does not furnish a correct taxpayer identification number (TIN) and
- (2) 25% has not been withheld or the winnings are from bingo, keno, or slot machines.

See Attached Instructions for Form W-2G, pp. 1-2.

Therefore, in accordance with federal law, winnings (reduced by the wager) of \$1,500 or more from a keno game, and winnings (not reduced by the wager) of \$1,200 or more from a bingo game or slot machine, require the casino to report these gambling winning by filing Form W-2G. However, federal law does not require any withholding of these winnings provided that the winner furnishes a correct taxpayer identification number. Accordingly, it is a requirement of the claimed invention that the winner provide a correct taxpayer identification number. Accordingly, the claimed invention does not violate federal law by paying out winnings from bingo, keno, or slot machines over the threshold amount, provided that the player provide a taxpayer identification number.

In contrast, the Acres patent and the Bell patent, which are cited by the Examiner, actually enforce the withholding of winning over the threshold amount by preventing the payout of winnings to the player over the threshold amount, and withholding these funds for the casino to pay to the IRS. While this is an interesting idea, this type of withholding is not required by

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federal law, and is substantially divergent from that which is disclosed in the claimed invention. The methodologies of the Acres patent and the Bell patent not only have a profoundly different effect on the player, but they also put a greater (and unnecessary) burden on the casino to enforce withholdings on winnings upon which they are not required to collect. As such, the claimed invention provides significant advantages over the cited references.

2. Response to Examiner's Arguments from the Office Action

The claimed invention "enables paying out winnings over a threshold amount via a hopper pay-out to a United States-taxable player immediately after the player wins credits over the threshold amount." Both the Acres patent and the Bell patent prevent winnings over the threshold amount from being paid out to the player by implementing some form of withholding of winnings over the threshold amount. Thus, in contrast to both the Acres patent and the Bell patent, the claimed invention immediately pays out winnings over a threshold amount via a hopper pay-out to the player.

The Acres patent calculates the taxable withholding and subtracts that amount from reportable winnings to determine the "adjusted bonus amount" which is paid out to the player.

The Acres patent states:

If the bonus amount meets a pre-established threshold, currently set by IRS regulations as any award equal to or greater than \$1200, then the gaming machine is locked up until the actual awarded amount can be determined. If the player record is complete and the proper tax amount is included, then the bonus award can be adjusted and a withholding calculated to yield a reduced award amount. (*emphasis added*)

See Abstract.

The Bell patent checks to see whether the player winnings are over the taxable reporting amount (i.e., \$1,200.00). If the player winnings are over the taxable reporting amount, the winnings over the threshold are prevented from being paid out to the player. Instead, the winnings are transferred to an IRS reporting meter. The Bell patent states:

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If the game results in a winning combination of symbols, the logic in the gaming device's microprocessor checks whether the dollar value of the payout is equal to or greater than the present IRS limit. If this is true 303, the number of credits corresponding to the payout amount is automatically transferred to the IRS win meter 304. ... If not, tokens will be paid out of the hopper 307. (emphasis added)

See Col. 4, lines 17-22.

At this juncture, a (non-limiting) numerical example of one embodiment may be clarifying. In one exemplary scenario, a player wins a \$2,000.00 award on a slot machine. In the claimed invention, awards over the threshold amount are tracked and paid out in full by occurrence, but are reported via a W-2G form at the end of the reduced interruption gaming session. Accordingly, all \$2,000.00 is immediately paid out to the player after the award.

In the Acres patent, awards over the threshold amount are not paid out in full. When the player wins a \$2,000.00 award on a slot machine, the machine calculates a withholding amount (i.e., 28% times \$2,000.00 equals \$560.00) and subtracts this withholding amount from the winnings to produce an adjusted bonus amount (i.e., \$2,000.00 minus \$560.00 equals \$1,440.00). Only this adjusted bonus amount of \$1,440.00 is paid out to the player.

In the Bell patent, awards over the threshold amount are not paid out in full. When the player wins a \$2,000.00 award on a slot machine, the machine withholds all winnings over the withholding amount (i.e., withholds \$800.00 of the \$2,000.00 that is over the \$1,200.00 reporting threshold). The \$800.00 is transferred to an IRS reporting meter and only \$1,200.00 is paid out to the player.

The Applicants hope that this example has been clarifying for the Examiner. Moreover, the Applicants have addressed the Examiner's specific comments regarding the cited references below.

The Acres '333 Patent

The Acres patent NEVER "enables paying out winnings over the threshold amount via a hopper pay-out to a United States-taxable player immediately after the player wins credits over the threshold amount" since the Acres patent withholds a portion of the winnings over the

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threshold amount (which are debited for taxes) before these winnings are ever seen by the player. Indeed, the Acres patent refers to this payout as the "adjusted bonus amount." See Col. 6, lines 29-38. Acres further clarifies at Col. 6, lines 37-38 that *"Adjusting for taxes yields a reduced amount."*

A. Examiner's First Acres '333 Argument

The Examiner submits that Acres clearly indicates that there will be times where no money is withheld. Accordingly, the Examiner has relied on Acres, Col. 6, lines 59-63 that states, "[t]he payment amount is determined by the amount won and the withholding amount if any. If a withholding amount is specified, it is deducted from the amount to be paid." However, the withholding amount, as defined in the specification, is determined "by taking into account the bonus amount originally won and any applicable tax withholding prescribed by IRS regulations." See Col. 6, lines 35-38. Accordingly, in Acres there are times when no money is withheld, but those times are only when the players winnings are under the threshold amount. Therefore, the Acres example is NOT applicable to the claimed invention, which specifically relates to enabling pay-out to the player of all winnings over the threshold amount.

B. Examiner's Second Acres '333 Argument

The Examiner has also relied on Acres, Col. 6, lines 63-64 that states, "[i]n some cases, the protocol will not contain such a command" as support for his opinion that there are times discussed in Acres when no money is withheld. Such reliance is misplaced. This sentence refers to a command. By examining the context of the surrounding paragraph, the meaning of this sentence is revealed. See Col. 6, lines 56-66.

The MCI then sends a message to the game to add the appropriate number of credits to the game and clear the game for normal operation by sending the *appropriate command*. ... In some cases, the protocol will not contain *such a command*. In those situations, the MCI can include an electrical output device (not shown), typically an electromechanical relay, that is connected across the game reset switch. This contact closure simulates the turning of the keyswitch by a person and causes the game to be cleared again for normal operation. (Emphasis added).

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Thus, what this section actually states is that either “an appropriate command” or “an electro-mechanical relay” is used to reset the game to normal operation after it has “locked-up” for a payout. Clearly, if a gaming machine “locks-up” to make a payout, then the invention is not “allowing a player to participate in a reduced interruption gaming session when a jackpot over a threshold amount is won,” as is required by the claimed invention. Such a lock-up is an extended interception of the game session.

C. Examiner’s Third Acres ‘333 Argument

Further, the Examiner has relied on Acres, Col. 6, line 50 that states, “Immediately approve the award and make payment” to support his opinion that winnings are paid immediately. Once again, such reliance is misplaced. By examining the context of the preceding sentences, the meaning of this sentence is revealed. See Col. 6, lines 40-50.

In the preferred embodiment of the invention, *this reduced amount is awarded directly at the machine* (step 85) in a manner similar to regular bonus awards—e.g. applied directly to the gaming machines credit meter, to a central player account, or paid directly to the hopper. Upon receipt of the authorization signal, the game is reset and play can continue in the normal manner (step 100). *Once the amount to be paid is determined*, the casino can program the system, in accordance with IRS requirements, to take one of several actions: 1. Immediately approve the award and make payment: (Emphasis added).

Thus, what these sentences actually declare is that, in one embodiment, the reduced amount is immediately approved and awarded directly at the machine, once that reduced amount to be paid has been determined. Accordingly, the “immediate” payout that is referred to by the Examiner is clearly “a reduced payout,” as are all payouts in the Acres invention that relate to winnings over a threshold amount. Obviously, a reduced payout (i.e., amount to be paid) can only be awarded after the tax withholding amount is generated. Therefore, there are no immediate payouts of all winnings over the threshold amount from the Acres device. Once again, the Acres device is not applicable to the claimed invention, which specifically relates to enabling immediate pay-out to the player of all winnings over the threshold amount.

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The Bell '461 Patent

Again, the claimed invention enables a player to participate in a reduced interruption gaming session by:

(1) enabling paying out winnings over the threshold amount via a hopper pay-out to a United States-taxable player immediately after the player wins credits over the threshold amount, and

(2) enabling the player to continue the reduced interruption gaming session, as desired.

A. Examiner's First Bell '461 Argument

The Examiner has submitted that the Bell '461 patent teaches ensuring that a player continuously maintains access to all winnings, including all winnings over the threshold amount. The Examiner has further stated that the Bell '461 patent teaches that the winnings over the threshold amount are transferred to the IRS meter where the player may use them to make additional wagers. The relevant section of the Bell '461 patent Col. 3, lines 38-43 states:

This method guarantees that all winnings that are reportable to the IRS are automatically placed on the IRS reporting credit meter 204 for later use in preparing the W2-G Form. The player then places a bet 207 which amount is deducted from the IRS reportable credit meter 204.

Thus, all winnings over the threshold amount are placed on an IRS reporting credit meter. Importantly, while the Examiner is correct that the player has access to the winnings on the IRS reporting credit meter for placing bets, the player DOES NOT have access to the winnings on the IRS reporting credit meter for immediate cash out. In order to cash out, a player must go through the following procedure, described at Col. 4, lines 45-63:

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When the player chooses to stop playing, the following events will happen:

1. Either an attendant will access the IRS win meter 304 and prepare a W2-G Form 312 for the balance of the meter. At 313 on the diagram, a manual key would be used to reset the IRS win meter 304 and make the total credit display 309 balance available for payment to the player; or
2. A print out 318 corresponding to the amount of winnings stored in the IRS win meter 304 is automatically printed directly onto a W2-G Form including all of the required information of the player, thereby eliminating any manual preparation of the W2-G Form. The printout 318 is either printed at the slot machine or some other convenient location and the IRS win meter 308 is either reset automatically or manually as described above; and
3. The player can then cash out 314 through a hopper pay 315 through a handpay 317 or by whatever other means may be provided 316.

Thus, in the Bell '461 patent, before a player can cash out either (1) an attendant will access the IRS win meter, prepare a W2-G Form for the balance of the meter, and use a key to reset the IRS win meter, or (2) a print out corresponding to the amount of winnings stored in the IRS win meter will be printed onto a W2-G Form and the IRS win meter will be reset.

Accordingly, a player operating under the Bell '461 patent does NOT have continuous access to the winnings on the IRS reporting credit meter for immediate cash out, as required by the claimed invention. Clearly, the Bell '461 patent teaches away from the claimed invention. Furthermore, the claimed invention also explicitly requires "enabling paying out winnings over the threshold amount via a hopper pay-out to the United States-taxable player immediately after the player wins credits over the threshold amount." This is in furtherance of the claimed invention's primary goal, to reduce (or ideally eliminate) interruptions in a gaming session. In stark contrast, it is abundantly clear from Col. 4, lines 45-63 quoted above, that the jackpot-related information statement must be generated, either by an attendant or by an automated printer, before a pay-out can occur. This is the opposite of that which is taught by the claimed invention.

B: Examiner's Second Bell '461 Argument

The Examiner also argues that the Bell '461 patent teaches recording the nationality of a player so that money will not be withheld in cases where IRS rules do not apply. Continuing, the

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Examiner further stated that if no taxes are withheld then no reduction is made to the winnings, and the player receives all winnings over the threshold amount. While the Examiner is correct that the Bell patent does not produce a "reduced payout amount," as is done in the Acres patent, the nationality provision of the Bell patent creates a situation where no IRS statement is generated. This is contrary to the claimed invention, which "enables paying out winnings over the threshold amount via a hopper pay-out to the United States-taxable player immediately after the player wins credits over the threshold amount."

C. Examiner's Third Bell '461 Argument

While the Examiner admits that the Bell patent "fails to teach enabling the payout before the jackpot related information is generated," the Examiner has looked to Acres for support. In this regard, the Examiner has once again relied on Col. 6, line 50 that states, "Immediately approve the award and make payment" for support. As explained above, such reliance is misplaced. By examining the context of the preceding sentences, the meaning of this sentence is revealed. See Col. 6, lines 40-50.

In the preferred embodiment of the invention, *this reduced amount is awarded directly at the machine* (step 85) in a manner similar to regular bonus awards—e.g. applied directly to the gaming machines credit meter, to a central player account, or paid directly to the hopper. Upon receipt of the authorization signal, the game is reset and play can continue in the normal manner (step 100). *Once the amount to be paid is determined*, the casino can program the system, in accordance with IRS requirements, to take one of several actions: 1. Immediately approve the award and make payment: (Emphasis added).

Thus, what these sentences actually declare is that, in one embodiment, the reduced amount is immediately approved and awarded directly at the machine, once that reduced amount to be paid has been determined. Accordingly, the "immediate" payout that is referred to by the Examiner is clearly "a reduced payout," as are all payouts in the Acres invention that relate to winnings over a threshold amount. Obviously, a reduced payout (i.e., amount to be paid) can only be awarded after the tax withholding amount is generated. Therefore, there are no immediate payouts of all winnings over the threshold amount from the Acres device. As such, the Acres device is NOT applicable to the claimed invention, which specifically relates to

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“enabling paying out winnings over the threshold amount via a hopper pay-out to the United States-taxable player immediately after the player wins credits over the threshold amount.”

3. Claims Rejections - 35 U.S.C. §102(e) – Claims 11-19, 22-25, 27-33, 35-44, and 47

Claims 11-19, 22-25, 27-33, 35-44, and 47 were rejected in the Office Action dated December 21, 2004, under 35 U.S.C. §102(e) as being anticipated by Acres (U.S. Patent No. 6,312,333). Applicants respectfully traverse this rejection. However, in order to provide clarification only, claims 11, 23, 24, 27, 29, and 36 have been amended. Claims 11, 23, 24, 29, and 36 are independent claims. Claims 12-19 and 22 depend from independent claim 11; claims 25 and 27-28 depend from independent claim 24; claims 30-33 and 35 depend from independent claim 29; and claims 37-44 and 47 depend from independent claim 36. For brevity, only the bases for the rejection of the independent claims are traversed in detail on the understanding that the dependent claims are also patentably distinct over the cited references as they depend directly from their respective independent claim. Nevertheless, the dependent claims include additional features that, in combination with those of the independent claims, provide further, separate, and independent bases for patentability.

The Examiner has taken the position that the Acres patent anticipates the invention of claims 11-19, 22-25, 27-33, 35-44, and 47 (i.e., includes each and every element of claims 11-19, 22-25, 27-33, 35-44, and 47). The claimed invention, as amended, “enables paying out winnings over the threshold amount via a hopper pay-out to a United States-taxable player immediately after the player wins credits over the threshold amount.”

In contrast, the Acres patent discloses a gaming machine that accepts bets from a player and provides a payout in response to a winning bet only if it is under a payout threshold amount. Importantly, the Acres patent (1) intentionally locks-up the gaming machine if the payout is over a pre-established threshold, (2) performs a calculation based upon the amount of payout over the pre-established threshold, and (3) reduces the amount of the payout over the threshold (i.e., it withholds a percentage of the winnings over the threshold amount for taxes), before unlocking the gaming machine after the reduced payout has been authorized. Accordingly, the Acres gaming machine

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actually reduces the amount of the payout over a specified threshold by withholding a percentage of the winnings over the threshold amount for tax payment. Thus, the Acres gaming machine does NOT “enabl[e] paying out winnings over the threshold amount via a hopper pay-out to the United States-taxable player immediately after the player wins credits over the threshold amount,” as required by the claimed invention. Indeed, the Acres gaming machine NEVER pays-out all winnings over the threshold amount during the reduced interruption gaming session since the Acres gaming machine *actually decreases the winnings over the threshold amount to enforce taxation of winnings before they even reach the player's hands.* Furthermore, this immediate taxation enforcement of winnings over a threshold amount is an action that many patrons may find highly objectionable and annoying.

Additionally, the Examiner has stated that in cases where the player already has the necessary information on file, the Acres patent will “immediately approve the award and make payment,” and thus, no delay is encountered. The Examiner has quoted from Acres, Col. 6, line 50, as support for his position that no delay is encountered with the Acres gaming machine. However, the Examiner has not mentioned the preceding sentence that states: “Once the amount to be paid is determined, the casino can program the system, in accordance with IRS requirements, to take one of several actions.” (Emphasis added). Accordingly, as Col. 6, lines 13-46 of the Acres patent are examined, it becomes clear that Acres (1) *intentionally locks-up the gaming machine* if the payout is over a pre-established threshold, (2) performs a calculation based upon the amount of payout over the pre-established threshold, and (3) reduces the amount of the payout over the threshold, before unlocking the gaming machine after the reduced payout has been authorized. Only after these events occur, can the Acres patent “approve the award and make payment.” Thus, the Acres gaming machine NEVER pays-out “winnings over the threshold amount via a hopper pay-out to the United States-taxable player immediately after the player wins credits over the threshold amount.” Accordingly, only a portion of the award over the pre-established threshold is paid out, and even that reduced payment is far from immediate.

In conclusion, the Acres patent does not teach or suggest each and every element of the claimed invention, and is in fact incongruous with the claimed invention. The Acres patent

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discloses a system that is directly at odds with the claimed invention, and accordingly, actually teaches away from the claimed invention. Accordingly, Applicants respectfully submit that the 35 U.S.C. § 102(e) rejection of claims 11-19, 22-25, 27-33, 35-44, and 47 as unpatentable over Acres has been overcome.

4. Claims Rejections - 35 U.S.C. §103(a) – Claims 1, 2, and 4-10

Claims 1, 2, and 4-10 were rejected in the Office Action dated December 21, 2004, under 35 U.S.C. § 103(a) as being anticipated by Bell et al. (U.S. Patent No. 5,505,461). Applicants respectfully traverse this rejection. However, in order to provide clarification only, claims 1 and 4 have been amended. Claim 1 is an independent claim. Claims 2 and 4-10 depend from independent claim 1. The basis for the rejection of the independent claim is traversed in detail on the understanding that dependent claims are also patentably distinct over the cited references as they depend directly from independent claim 1. Nevertheless, the dependent claims include additional features that, in combination with those of the independent claims, provide further, separate, and independent bases for patentability.

The Examiner has taken the position that the Bell patent anticipates the invention of claims 1, 2, and 4-10 (i.e., includes each and every element of claims 1, 2, and 4-10). The claimed invention, as amended, requires “enabling paying out winnings over the threshold amount via a hopper pay-out to the United States-taxable player immediately after the player wins credits over the threshold amount.”

In contrast, the Bell patent discloses a gaming machine that does NOT provide a payout in response to a winning bet that is over the payout threshold amount, but rather transfers this non-received payout into a credit on an IRS reportable credit meter where the non-received payout is stored. Accordingly, the Bell patent does NOT “enable paying out winnings over the threshold amount via a hopper pay-out to the United States-taxable player immediately after the player wins credits over the threshold amount,” as required by the claimed invention. Instead, the Bell patent prevents the payout of this credit until after a tax form has been produced. Thus, the Bell gaming machine does NOT ensure that the player is able to receive pay out winnings over the threshold

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amount via a hopper pay-out immediately after the player wins credits over the threshold amount, as required by the claimed invention.

Indeed, claim 1 of the Bell patent includes the claim element "means for preventing payout of said credit in said IRS credit storage means by said player." Thus, the Bell patent teaches directly away from the claimed invention. Furthermore, the claimed invention also recites that the IRS reporting statement (i.e., statement referencing the recorded jackpot-related information and stored player-related information) be generated after the reduced interruption gaming session is terminated. The Bell patent requires just the opposite, that the gaming session must be ended and the IRS reporting statement generated (either printed or filled out by an attendant) before the player can be cashed out.

In conclusion, the Bell patent does not teach or suggest each and every element of the claimed invention, and is in fact incongruous with the claimed invention. Indeed the Bell patent, while dealing with related issues, discloses a system that is directly at odds with the claimed invention, and thus, actually teaches away from the claimed invention. Accordingly, Applicants respectfully submit that the 35 U.S.C. § 103(a) rejection of claims 1, 2, and 4-10 as unpatentable over Bell has been overcome.

5. Claims Rejections - 35 U.S.C. §103(a) – Claim 3

Claim 3 was rejected in the Office Action dated December 21, 2004, under 35 U.S.C. § 103(a) as being unpatentable in view of Bell et al., and further in view of Bergeron et al. (U.S. Patent No. 4,882,473) and Pease et al. (U.S. Patent No. 5,326,104). Applicants respectfully traverse this rejection. However, in order to provide clarification only, claims 1 and 3 have been amended. Claim 1 is an independent claim. Claim 3 depends from independent claim 1. For brevity, only the bases for the rejection of the independent claim 1 are traversed in detail on the understanding that dependent claim 3 is also patentably distinct over the cited references as it depends directly from independent claim 1. Nevertheless, the dependent claim 3 includes additional features that, in combination with those of independent claim 1, provide further, separate, and independent bases for patentability.

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The Examiner states that the Bell patent teaches the invention substantially as claimed, but does not teach inserting an agent card or selecting uninterrupted play from a menu. The Examiner further states that Bergeron teaches insertion of an agent card for the purpose of enhancing security, and that Pease teaches a menu-driven system. The shortcomings of the Bell patent are well documented in Section 4 above. Neither the Bergeron patent nor the Pease patent satisfy these shortcomings.

The Bell, Bergeron, and Pease patents do not teach or suggest each and every element of the claimed invention. Indeed the Bell patent, while dealing with related issues, discloses a system that is directly at odds with the claimed invention, and thus, actually teaches away from the claimed invention. Accordingly, Applicants respectfully submit that the 35 U.S.C. § 103(a) rejection of claim 3 as unpatentable has been overcome.

6. Claims Rejections - 35 U.S.C. §103(a) – Claims 20, 21, 26, 34, 45, and 46

Claims 20, 21, 26, 34, 45, 46, and 48-50 were rejected in the Office Action dated December 21, 2004, under 35 U.S.C. § 103(a) as being unpatentable in view of Acres (U.S. Patent No. 6,312,333), and further in view of Bergeron et al. (U.S. Patent No. 4,882,473) and Pease et al. (U.S. Patent No. 5,326,104). Applicants respectfully traverse this rejection. However, in order to provide clarification only, claims 11, 24, 26, 29, and 36 have been amended. Claims 48-50 have been canceled. Claims 11, 23, 24, 29, and 36 are independent claims. Claims 20 and 21 depend from independent claim 11; claim 26 depends from independent claim 24; claim 34 depends from independent claim 29; and claims 45 and 46 depend from independent claim 36. For brevity, only the bases for the rejection of the independent claims are traversed in detail on the understanding that dependent claims are also patentably distinct over the cited references as they depend directly from their respective independent claims. Nevertheless, the dependent claims include additional features that, in combination with those of the independent claims, provide further, separate, and independent bases for patentability.

The Examiner states that the Acres patent teaches the invention substantially as claimed, but does not teach inserting an agent card or selecting uninterrupted play from a menu. The Examiner

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further states that Bergeron teaches insertion of an agent card for the purpose of enhancing security, and that Pease teaches a menu-driven system. The shortcomings of the Acres patent are well documented in Section 3 above. Neither the Bergeron patent nor the Pease patent satisfy these shortcomings.

In conclusion, the Acres, Bergeron, and Pease patents do not teach or suggest each and every element of the claimed invention. The Acres patent discloses a system that is directly at odds with the claimed invention, and accordingly, actually teaches away from the claimed invention. Accordingly, Applicants respectfully submit that the 35 U.S.C. § 103(a) rejection of claims 20, 21, 26, 34, 45, and 46 as unpatentable has been overcome.

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CONCLUSION

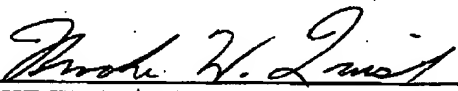
Applicants have made an earnest and bona fide effort to clarify the issues before the Examiner and to place this case in condition for allowance. In view of the foregoing discussions, it is clear that the differences between the claimed invention and the cited references are such that the claimed invention is patentably distinct over the cited references. Therefore, reconsideration and allowance of claims 1-47 is believed to be in order, and an early Notice of Allowance to this effect is respectfully requested.

The Commissioner is hereby authorized to charge any required fees from Deposit Account No. 502811, Deposit Account Name BROWN RAYSMAN MILLSTEIN FELDER & STEINER.

If the Examiner should have any questions concerning the foregoing, the Examiner is invited to telephone the undersigned attorney at (310) 712-8319. The undersigned attorney can normally be reached Monday through Friday from about 9:30 AM to 6:30 PM Pacific Time.

Respectfully submitted,

Dated: 3/9/06


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